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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N. W.
Room 222
Washington, DC 20554

Enclosed is an original and nine copies of GVNW Inc./Management's comments in response to the Commissions Notice of Proposed Rulemaking released January 11, 1996 in CC Docket No. 95-185.

If you have any questions, please call me at (503) 624-7075.

Sincerely,

Michael L. Schlachter
Vice President
General Manager

cc: Janice Myles
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Before The
Federal Communications Commission
Washington, DC 20554

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In the Matter of)
)
Interconnection Between Local Exchange)
Carriers and Commercial Mobile Radio)
Service Providers)

CC Docket No. 95-185

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COMMENTS OF GVNW INC./MANAGEMENT

Following are the comments of GVNW Inc./Management (GVNW) in response to the
Commissions Notice of Proposed Rulemaking released January 11, 1996 in CC Docket
No. 95-185.

Introduction and Background

GVNW is a consulting firm providing management services to independent telephone
companies. The majority of GVNW's services are provided to rural independent
telephone companies. These initial comments will be confined to the general comments
section of the NPRM.

I. General Comments

GVNW Inc./Management is a management consulting firm representing the interests of small independent telephone companies¹. With the passage of the Telecommunications Act of 1996 (The Act), we believe that the adoption of interim policies regarding interconnection between narrowly defined LECs and CMRS providers is premature. The Act requires all Telecommunications Carriers to "interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers."² It specifies that all LECs have, "The duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications."³ The Act is clear that reciprocal compensation should be just and reasonable. Although bill-and-keep arrangements are not precluded, The Act certainly does not mandate such a compensation process.⁴ We support the language contained in the Act and believe adoption of a mandatory bill & keep policy would unfairly penalize existing LECs struggling to understand and implement the watershed changes contained in the Act. Establishing even interim policies which contrast with the specific language of the Communications Act would be a large step backwards. The industry and the public would be far better served by efforts to establish reasonable, permanent rules for interconnection for all Telecommunications Providers rather than rushing to judgment with an "interim" solution for a select group of providers.

¹ GVNW has represented approximately 100 independent telephone companies in other proceedings before the Commission. In this proceeding our comments represent our views.

² Section 251. (a) (1) of the Telecommunications Act of 1996.

³ Section 251 (b) (5) of the Telecommunications Act of 1996.

⁴ Section 252 (d) (2) (B) of the Telecommunications Act of 1996.

We also do not agree that there is a need to implement interim rules in order to “ensure the continued development of wireless services as a potential competitor to LEC services.”⁵ No one would dispute that the growth in the cellular market has far exceeded all projections and that the PCS auctions have shown that unprecedented demand exists for the licenses which will allow competition for LEC services. The investment being made in licenses alone is enough evidence to show that interim interconnection rules are not necessary to ensure the future success of wireless providers.

A mandatory bill-and-keep requirement raises concerns about the differing pricing regulation faced by LECs when compared to wireless providers. Presently wireless providers have total freedom to price their retail services in any manner they choose while wireline LECs remain restricted in their pricing policies by existing regulatory requirements designed to maintain flat rate pricing for local services. As most wireless offerings are usage based, wireless carriers can increase revenues by encouraging local usage. Wireline LECs, on the other hand receive no increase in revenues based on increased local usage. In fact, increased local usage can have the opposite effect for a rate of return regulated LEC (which includes almost all small LECs) which will see its costs allocated to access actually decline as a result of increased local usage. These differing pricing incentives, which LECs cannot modify without substantial regulatory effort, cause substantial concerns with mandatory bill & keep interconnection.

Most small LECs have only limited direct connections to wireless providers. As the market expands, we expect that the number of direct interconnections will increase.

⁵ Para 3. of Docket No. 95-185 NPRM released January 11, 1996.

We have substantial concerns that small LECs do not receive compensation for wireless originated calls which terminate through another LECs tandem switch at the small LEC end office. Requiring mandatory bill-and-keep only acerbates the problem. LECs need to move towards a system where minutes are specifically identified and appropriate compensation paid.

GVNW is in agreement to the FCC's position that the developing "Network of Networks" must allow for customer services to move seamlessly from one network to another. The FCC's pronouncement assumes a system of regulations which will structure all service standards and aspects of interconnection arrangements between incumbent local exchange carriers and other competitive providers of telecommunications services. Presumably these regulations will be in conformance with the "Telecommunications Act of 1996" which addresses a wide array of issues affecting all aspects of telecommunications; but, more importantly section 251 "interconnection".

It is essential that all provisions recommended or evaluated within this proceeding be held to the test of compliance with the recent telecommunications act of 1996. A patchwork of varying procedures for different interconnecting providers of telecommunications services will result in unintended outcomes for all parties. Thereby limiting the marketplace to those providers that have gained the greatest advantage from the promulgation of inconsistent rules.

GVNW has great concerns that such consideration of proposals in this proceeding be evaluated in regards to the impact on universal service and on independent telephone companies who provide services in rural communities. The rural communities served by telephone companies have been largely ignored by large corporations and have been best

served by smaller independent telephone companies. These same independent telephone companies that have demonstrated the interest and ability to bring state of the art technology to rural America, as opposed to larger corporations, should not now be forced to curtail further development by rules promulgated for urban communities.

GVNW recommends that any consideration or proposed rules in this proceeding be made in the context of avoiding adverse economic impact upon independent telephone companies; imposing unduly burdensome requirements or; imposing requirements that are not economically or technically feasible.

- END -